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SUBJECT: Jordanian Labor Minister Continues to Focus on Improving
Labor Situation in QIZs

Refs: A) Amman 3579
B) Amman 3472

Sensitive but unclassified; please protect accordingly.

1. (U) This message contains an action request. See paras 6-7.

2. (SBU) Summary: In a September 26 meeting with the Ambassador, Minister of Labor Bassem Salem provided an update on labor issues, noting that despite some intermittent problems, dramatic improvements have been made, particularly in the Qualifying Industrial Zones (QIZs). The Ministry of Labor (MOL) continues to explore innovative ideas to augment the unskilled labor force in Jordan, including the establishment of satellite QIZ factories in remote villages with heavy female unemployment. Post requests feedback from USTR on the possibility and process of extending QIZ designations to such satellite factories within Jordan. End summary.

3. (SBU) The Minister attributed improvements in labor compliance largely to the efforts of the USAID-funded Labor Advisor Lejo Sibbel, who has spearheaded a change in the culture of the Ministry and developed positive relationships with the private sector. He would like to see Sibbel stay on for another year in order to continue building and transferring skills to the MOL inspection team. NOTE: USAID is willing to consider extension of the contract if Sibbel agrees. END NOTE. The Ambassador also noted that USAID plans to contribute approximately \$2.7 million to the International Labour Organization's (ILO) Better Work Jordan program, which should help strengthen the inspection regime and public-private dialogue.

4. (SBU) Regarding the regularization of workers' permit status, Salem confirmed that MOL, in cooperation with the Jordan Garment and Apparel Textile Exporters' Association (JGATE), is still in the process of determining which factories merit the waiver of penalties for workers who had been transferred from other shut-down factories and lacked permits (Ref A). Poor record keeping and some undocumented employee shuffling by the factories to avoid fees has made this an arduous undertaking. Nevertheless, Salem hopes to complete the process soon, and has received approval from the Minister of Interior and former Finance Minister to issue the waiver, which will cost the government a "couple of million JD's (Jordanian dinars)."

5. (SBU) The Ambassador noted that the private sector continues to complain about the bureaucratic red tape involved in bringing in foreign laborers (Ref B). Salem acknowledged that the Ministry has intentionally made it a clean, but not necessarily easy process - i.e., not subject to "wasta" (influence) or quick turnaround - in order to encourage use of Jordanian labor. He noted that the MOL is

finalizing an employment policy that should help clarify procedures.

NOTE: As of July 31, MOL reported 51,340 total workers in the QIZs, of which 36,166 or about 70 percent, are foreign. END NOTE.

¶6. (SBU) Efforts to increase Jordanian employment in unskilled sectors include an army training program in which participants will be employed in a civilian capacity in the private sector for two years after training. Given that the program only applies to males aged 18-35, Salem has created a public-private committee to examine another proposal targeting women. Built on a model used in Sri Lanka, the proposal entails already-established investors in Jordan's QIZs building satellite factories in villages that suffer from heavy female unemployment and are located far from the QIZs. The Jordanian government would subsidize the investment, for example through reduced rental fees or utilities for a given period. Noting that this proposal is only in the brainstorming stage, Salem questioned whether there would be the possibility of giving such factories QIZ status.

¶7. (SBU) ACTION REQUESTED: Post requests feedback from USTR on the possibility and process of extending QIZ designations to satellite factories within Jordan.

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